

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

January 11, 2002

IN RE:

APPLICATION OF CONCERT COMMUNICATIONS  
SALES L.L.C., BRITISH TELECOMMUNICATIONS PLC,  
AND BT GROUP PLC FOR APPROVAL OF TRANSFER  
OF CONTROL

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DOCKET NO.  
01-00971

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ORDER APPROVING TRANSFER OF AUTHORITY

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This matter came before the Tennessee Regulatory Authority (the "Authority" or "TRA") at the regularly scheduled Authority Conference held on November 20, 2001 for consideration of the *Application* (the "*Application*") of Concert Communications Sales L.L.C. ("Concert"), British Telecommunications plc ("BT"), and BT Group plc ("BT Group") (the "Applicants"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of the authority to provide utility services currently held by Concert to BT.

**Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

- (a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .<sup>1</sup>

### **The Application**

In the *Application*, which was filed on November 2, 2001, the Applicants request Authority approval of a transfer of control of Concert to BT. According to the *Application*, Concert was formed in 1999 as part of a joint venture of AT&T Corp. ("AT&T") and BT to provide global telecommunications services to large multi-national enterprises. The *Application* states that Concert is currently fifty percent (50%) indirectly owned by AT&T and fifty percent (50%) indirectly owned by BT. The *Application* further states that BT and AT&T propose to dissolve their joint venture with BT becoming the one hundred percent (100%) indirect owner of Concert. The direct owner of Concert will be BT North America, Inc., a wholly-owned subsidiary of BT.

Concert was granted authority by the TRA to provide operator services or resold telecommunications services in Tennessee by Order dated October 26, 1999, in Docket No. 99-00419. According to the *Application*, BT is one of the world's leading providers of telecommunications services. The *Application* states that, as one of the largest private-sector companies in Europe, BT's principal activities include the provision of local, long distance, and international telecommunications services, mobile communications, Internet services, and

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<sup>1</sup> The Applicants filed their *Application* pursuant to Tenn. Code Ann. § 65-4-112. However, because this change in ownership involves a transfer of control of the authority to provide utility services held by Concert, approval by the Authority is required pursuant to Tenn. Code Ann. § 65-4-113. Therefore, the Authority deemed the *Application* as an Application for such approval.

information technology solutions in the United Kingdom and many countries throughout the world.

### **Public Interest Considerations**

According to the *Application*, all of Concert's customer arrangements are individually negotiated with large businesses; Concert does not serve any residential or small business customers. As a result of this transaction, certain customers of Concert will become customers of AT&T. Every single customer has been or will be notified of this transaction, and the current terms of each customer's arrangements with Concert will continue to apply to the service provided by AT&T unless the customer and AT&T agree otherwise. Furthermore, the *Application* states, the customers that remain with Concert will retain the terms of their arrangements with Concert unless the customer agrees otherwise. According to the *Application*, Concert currently does not provide intrastate services to any customers in Tennessee.

The *Application* further states that BT will continue its ownership position in Concert, increasing it to one hundred percent (100%). BT is a well-financed company that is one of the world's leading telecommunications companies. According to the *Application*, Concert will remain technically, managerially and financially qualified to provide telecommunications services.

### **Findings**

The Directors of the Authority considered this matter at the November 20, 2001 Authority Conference. Based upon careful consideration of the *Application*, the Exhibits thereto, and of the entire record of this matter, the Authority finds and concludes as follows:

1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;

2. Concert Communications Sales L.L.C. has been granted authority to provide telecommunications services in Tennessee;

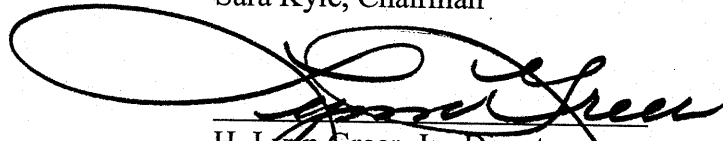
3. One hundred percent (100%) ownership of Concert Communications Sales L.L.C. will be assumed by British Telecommunications plc, resulting in a transfer of the authority granted Concert to provide utility services; and

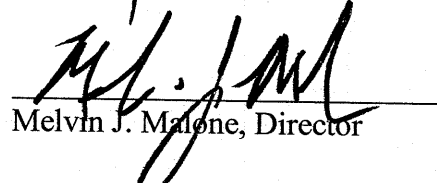
4. The transfer of authority will benefit the consuming public.

**IT IS THEREFORE ORDERED THAT:**


The *Application* of Concert Communications Sales L.L.C., British Telecommunications plc, and BT Group plc for approval of the transfer of authority described herein is approved.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary